



Arnold Schwarzenegger
Governor

September 23, 2010
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Mr. Douglas Brinkley, Vice Chancellor
State Center Community College District
1525 East Weldon Avenue
Fresno, CA 93704

Dear Mr. Brinkley:

WORKFORCE INVESTMENT ACT
15-PERCENT PROJECT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the State Center Community College District's (SCCCD) administration of its Workforce Investment Act (WIA) Rural Nursing Distance Education Project. This review was conducted by Ms. Louise Moreno from June 28, 2010 through July 2, 2010. For the program operations portion of the review, we focused primarily on the areas of program administration, participant eligibility, WIA activities, monitoring, if applicable, and management information system/reporting. For the financial management portion of the review, we focused primarily on the areas of accounting systems, expenditures, allowable costs, cost allocation, reporting, cost pools, indirect costs, cash management, internal controls, program and interest income, single audit, if applicable, and property management. For the procurement portion of the review, we focused on procurement competition, cost and price analyses, and contract provisions.

We conducted our review under the authority of Sections 667.400(c) and 667.410(b) (1)(2)(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SCCC with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations, financial management and procurement.

We collected the information for this report through interviews with SCCC representatives, and service provider staff. In addition, this report includes a review of SCCC's response to Sections I and II of the Program On-Site Monitoring Guide; applicable policies and procedures; and a review of documentation retained by SCCC for a sample of expenditures and procurements.

We received your response to our draft report on September 7, 2010, and reviewed your comments and documentation before finalizing this report. Your response adequately addressed findings 1 and 2 cited in the draft report. However, these issues will remain open until we verify the implementation of your stated corrective action plan during a future on-site review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 10176 and 10177.

BACKGROUND

The SCCCD was awarded \$254,000 to operate a WIA LVN-RN Distance Nursing Education (LVN-RN-DNE) Project to serve 48 students in the LVN-RN-DNE Articulation Program from March 1, 2009 through December 31, 2010. For the period ending June 2010, SCCCD reported that it spent \$91,554.20 to enroll 24 LVN-RN-DNE students. Because JTA participant eligibility/reporting is not a requirement for this grant, case files were not specifically reviewed for eligibility; however, the current internal SCCCD enrollment roster was reviewed and collected. The roster showed 24 of the 48 LVN-RN-DNE students enrolled in the WIA project as of June 28, 2010.

FINANCIAL MANAGEMENT REVIEW RESULTS

We concluded that, overall, SCCCD is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we concluded that, overall, SCCCD is meeting applicable WIA requirements concerning procurement, we noted instances of noncompliance in the following areas: contract provisions, procurement process, small purchases, and sole source procurement. The findings that we identified in these areas, our recommendations, and SCCCD's proposed resolution of the findings are specified below.

FINDING 1

Requirement: 29 CFR 95.45 states, in part, that some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts.

Observation: We found that one small purchase for R.M. Associates, in the amount of \$5,573.75 for development of the nursing program student tracking database did not include documentation to substantiate that a cost or price analysis was conducted.

Recommendation: We recommended that SCCCD provide the Compliance Review Office (CRO) with a corrective action plan (CAP) as to how, in the future, they will document the process for a cost or price analysis.

SCCCD Response: The SCCCD stated their corrective action plan consists of cost analysis of comparable services. Where applicable, a Request for Quotation (RFQ) of delineated deliverables to meet the prescribed requirements of the service or product will be solicited. A sole source justification document and/or cost analysis will be completed when competitive pricing is not available.

State Conclusion: The SCCCD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future on-site visit, SCCCD's successful implementation of its stated correction action. Until then, this issue remains open and has been assigned CATS number 10176.

FINDING 2

Requirement: 29 CFR 95.46 states, in part, that procurement records and files for purchases in excess of the simplified acquisition threshold shall include the following at a minimum: (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

Observation: The SCCCD obtained two sole source procurements without documentation to substantiate that attempts were made to determine that other entities could not provide the same service. Additionally, there was no documentation to demonstrate that the following two sole source procurements met the above required criteria:

- \$4,370 on July 11, 2010, to Linda Caputi for a nursing personnel workshop.
- \$25,000 on August 25, 2009, to Diane D. Welch for clinical nursing personnel development.

Recommendation: We recommended that SCCCD provide supporting documentation for its noncompetitive procurement for this contract. We further recommended that SCCCD provide a CAP

stating how future procurements will include the justification for contract selection.

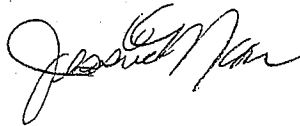
SCCCD Response: The SCCCD stated their corrective action plan consists of cost analysis of comparable services. Where applicable, a Request for Quotation (RFQ) of delineated deliverables to meet the prescribed requirements of the scope of work or product will be solicited. A sole source justification document will be completed when a lack of qualified vendors exist.

State Conclusion: The SCCCD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future on-site visit, SCCCD's successful implementation of its stated correction action. Until then, this issue remains open and has been assigned CATS number 10177.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is SCCCD's responsibility to ensure that its systems, programs, and related activities comply with the WIA, related federal regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SCCCD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Cynthia Parsell at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: William Smith, Board of Trustees President
David Cannedy, MIC 50
Denise Miller, MIC 50